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C O N F I D E N T I A L SECTION 01 OF 02 MANILA 003193

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TAGS: [PREL](#) [PINS](#) [KISL](#) [RP](#)  
SUBJECT: MUSLIM INSURGENTS MULL GOVERNMENT TERRITORIAL OFFER

REF: A. MANILA 3050  
[B](#). MANILA 2852  
[C](#). MANILA 2838

Classified By: DCM Paul W. Jones for reasons 1.4 (b) and (d).

[1](#). (C) Summary: The Philippine government hopes to end the impasse in peace talks with Muslim insurgents by offering a territorial compromise that tracks closely with the areas that the Moro Islamic Liberation Front (MILF) had hoped to include in a new Muslim political entity. The presidential peace office in charge of negotiations has begun an advocacy campaign to build Congressional support for the territorial offer. Revenue sharing from natural resources is a potential bargaining chip that could advance the peace talks, and neutralize opposition from indigenous groups who might otherwise oppose having their communities included in the new political entity. There have been no military skirmishes since August between MILF and government security forces on Basilan island as local MILF leaders make way for the government to pursue Abu Sayyaf terrorist. End Summary.

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Territorial Offer to MILF  
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[2](#). (C) After much debate, and in an effort to accelerate Malaysian-hosted peace talks, key Cabinet security officials have agreed on a territorial offer to the Moro Islamic Liberation Front (MILF) for a Muslim political entity in Mindanao. According to Ryan Sullivan, executive director of the government's peace negotiations panel, the Muslim insurgent MILF is currently reviewing the government's proposal to expand the current Muslim autonomous region first created in 1989. Under this new territorial offer, the original Autonomous Region in Muslim Mindanao (ARMM) -- the six provinces of Basilan, Sulu, Tawi Tawi, Shariff Kabunsuan, Maguindanao, and Lanao Del Sur Provinces -- would be expanded to include Isabela and Cotabato cities; Sultan Kudarat Province (except the municipalities of Tacurong and Isulan); portions of North Cotabato Province, including the municipalities of Pikit, Carmen, and Muslim-dominated segment of Midsayap; and six municipalities in Lanao Del Norte Province contiguous to the ARMM.

[3](#). (C) Since the government's offer largely parallels the MILF's most recent proposal on territory, Sullivan expressed cautious optimism that the government and Muslims would soon be able to hold an informal executive session -- and perhaps even broader exploratory talks -- on the territorial issue in Kuala Lumpur.

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Critical Period for Peace Negotiations  
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14. (C) Malaysian Prime Minister Badawi and President Arroyo's discussions at the September 8 Asia-Pacific Economic Conference (APEC), and Arroyo's "limited window" for sealing a final MILF peace pact before the expiration of her term as president in 2010, were identified by Sullivan as key factors behind the government's territorial offer to the MILF. While noting that Arroyo would actually begin winding down her presidency in 2009, Sullivan described the period from late 2007 through 2008 as "critical" for the peace negotiations.

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Overcoming Opposition  
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15. (C) Government peace panel members have begun briefing members of Congress on the MILF peace talks to build support for the creation of a new Muslim political entity, according to Sullivan. Discussions are also being held between Cabinet members and local government leaders within municipalities pinpointed for inclusion in a Muslim homeland.

16. (C) Sullivan said that the strong opposition of a key congressman to placing Sultan Kudarat Province under a new Muslim political entity could be overcome through "horse trading." According to Sullivan, Congressman Pax Mangudadatu has long aspired to be ARMM regional governor -- a position that is up for election in 2008. In return for assistance in achieving his political goal, Sullivan predicted that Mangudadatu would ultimately support the government's offer to include Sultan Kudarat Province in the new Muslim political entity.

17. (C) Congressman Abdullah "Bobby" Dimaporo is another politician opposed to placing municipalities from his native

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province of Lanao Del Norte under a new Muslim political entity. As an ally of President Arroyo, Dimaporo's support will be gained through "political carrots," Sullivan suggested.

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Revenue Sharing and Indigenous Peoples Issues  
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18. (C) While a majority of indigenous communities in Mindanao are opposed to placing their ancestral lands under a Muslim political entity, the MILF has attempted to gain the cooperation of indigenous peoples through promises of more revenue from natural resources after a final peace agreement is signed, according to Janette Serrano, the head of the national commission on indigenous peoples.

19. (C) While the government has offered the MILF a "substantial share" of revenue from natural resources, Sullivan said the specifics of revenue sharing would not be fleshed out until the final peace talks. According to Serrano, the MILF has already proposed that 85 percent of future revenue from petroleum and natural gas deposits under the Sulu Sea and Liguasan Marsh belongs to the prospective Muslim political entity. Serrano viewed revenue sharing as a potentially useful bargaining chip in the MILF peace talks, though acknowledged that powerful "financial figures" in the government and private sector were following this issue very closely.

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MILF To Make Way For Anti-Terrorism Operations on Basilan  
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110. (C) Sullivan said there have been no skirmishes since August between government security forces and MILF insurgents on Basilan. Local MILF leaders on the island have agreed to make way for armed forces operations against the terrorist Abu Sayyaf Group by temporarily moving MILF forces out of their camps, but have also insisted that the military present

strong evidence that Abu Sayyaf Group members are hiding nearby, that the Malaysia-led International Monitoring Team have a role in the temporary moves, and that the MILF be allowed to return immediately after cessation of the government's punitive action.

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New IMT Head of Mission Arrives  
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¶11. (C) Sullivan noted that the International Monitoring Team's new head of mission -- Malaysian Major-General Datuk Mat Yasin bin Nat Daud -- reported for duty in the Philippines September 16. Major-General Daud was described by Sullivan as a "no-nonsense and level-headed man" with strong leadership skills.

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